

Financial Results

1st Half - FY Ending February 29, 2012

Supplementary Information

Securities ID Code: 7649, Part 1 of TSE and NSE

October 13, 2011

Sugi Holdings Co., Ltd.

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PROFILE

Company name	Sugi Holdings Co., Ltd.
Head office	1-8-4, Mikawaanjo-cho, Anjo-City, Aichi Pref.
Establishment	Sugi Pharmacy was established in December 1976 to sell prescription drugs and OTC drugs.
Founded	March 1982
Paid-in capital	JPY15,434,588,000
Fiscal year-end	End of February
Number of shares outstanding	63,330,838 shares
Number of stores	795(as of August 31, 2011)
Number of employees	3,715(full-time) (as of August 31, 2011)
Net sales	JPY304,730 m (FY ended Feb. 28, 2011 - consolidated))
Operating Profit	JPY12,777 m (FY ended Feb. 28, 2011 - consolidated))
Description of business	Management of subsidiaries engaging in businesses including pharmacy business, drug store business, and in-home nursing care business

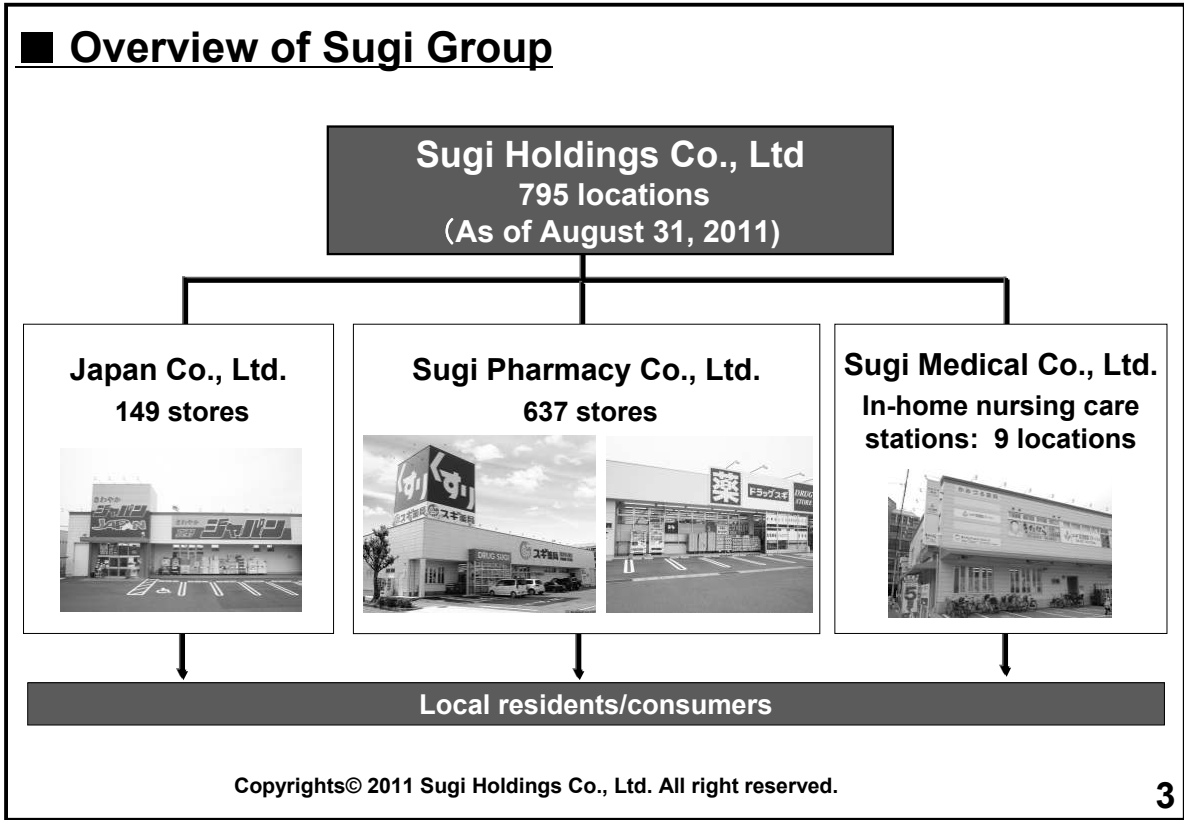
Number of Stores and Sales Status

Year	No. of Stores	Consolidated net sales (100 million yen)
'90	0	0
'95	0	0
'00	~100	~100
'01	~120	~120
'02	~150	~150
'03	~200	~200
'04	~250	~250
'05	~300	~300
'06	~450	~450
'07	~550	~550
'08	~650	~650
'09	~700	~700
'10	~750	~750

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Note: On February 1, 2011, Iizuka Yakuhin merged with Sugi Pharmacy. The figures for Sugi Pharmacy presented in the financial report for the year ended February 28, 2011 include only non-consolidated figures for Sugi Pharmacy and do not include non-consolidated figures for Sugi Holdings Co., Ltd. and Sugi Medical Co., Ltd. For your reference, past results for Sugi Pharmacy calculated by simply adding the non-consolidated results for Sugi Pharmacy and Iizuka Yakuhin are also presented.



New Store Openings

1st Half – FY Ending February 29, 2012

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■ Store Openings and Closings in 1st Half Year

* Please note that "FY2011/2" and "FY 2012/2" in this presentation refers to the fiscal year ended in February 2011, and the fiscal year ending February 2012, respectively. The same notation is used in other pages.

■ 1st Half Year : 36 new stores opened, 15 stores closed

Nos. of stores by region	FY2011/2	FY2012/2 1st Half Year			Contracts in and after September 2011			Openings and closings full-year forecast		
	As of the Term-End	Store Openings	Store Closings	As of the Term-End	Store Openings	Store Closings	As of the Term-End	Store Openings	Store Closings	Change
Kanto Region	188	12	11	189	6	1	194	18	12	+6
Chubu Region	335	10	3	342	11	1	352	21	4	+17
Kansai Region	251	14	1	264	10	0	274	24	1	+23
Total	774	36	15	795	27	2	820	63	17	+46

Nos. of stores by company	FY2011/2	FY2012/2 1st Half Year			Contracts in and after September 2011			Openings and closings full-year forecast		
	As of the Term-End	Store Openings	Store Closings	As of the Term-End	Store Openings	Store Closings	As of the Term-End	Store Openings	Store Closings	Change
Sugi Pharmacy	622	30	15	637	23	2	658	53	17	+36
Japan	144	5	0	149	1	0	150	6	0	+6
Visit Nursing Care ST	8	1	0	9	3	0	12	4	0	+4
Total	774	36	15	795	27	2	820	63	17	+46

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Financial Highlights

1st Half – FY Ending Feb. 29, 2012

- Consolidated -

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1st Half Year Financial Highlight - Consolidated -

1st Half Year :Sugi pharmacy and Japan Co., achieved a significant net sales in both revenue and operating income

	FY Ended 2011/2 1H (March to August)		FY Ending 2012/2 1H (March to August)				
	Results (in million yen)	%	Results (in million yen)	%	Y o Y	vs. Budget (in %)	
Net Sales	152,209	100.0	164,141	100.0	107.8	103.9	+6,141
Gross Profit	40,320	26.5	44,347	27.0	110.0	104.8	+2,047
SG&A Expenses	33,247	21.8	34,161	20.8	102.7	98.4	-539
Operating Income	7,073	4.6	10,186	6.2	144.0	134.0	+2,586
Non-operating Income	1,764	1.2	1,686	1.0	95.6	105.4	+86
Non-Operating Expenses	1,051	0.7	1,136	0.7	108.1	162.3	+436
Ordinary Income	7,786	5.1	10,736	6.5	137.9	126.3	+2,236
Extraordinary Income	0	-	2,463	1.5	-	-	+2,463
Extraordinary Losses	528	0.3	1,663	1.0	314.9	84.4	-307
Net Income before Income Taxes	7,258	4.8	11,536	7.0	158.9	176.7	+5,006
Income Taxes	3,362	2.2	4,132	2.5	122.9	177.3	+1,802
Net Income	3,895	2.6	7,404	4.5	190.1	176.3	+3,204

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Trend of SG&A Expenses Status – Consolidated -

1st Half Year :Budget attainment 98.4% (Selling expenses 89.4%, Personnel 101.6%, Admin. expenses 96.8%)

	FY Ended 2011/2 1H (March to August)		FY Ending 2012/2 1H (March to August)		
	Results (in million yen)	%	Results (in million yen)	%	Y o Y Change
Advertising Expenses	1,918	1.3	2,111	1.3	110.0
Premium Expenses	979	0.6	685	0.4	70.0
Total Selling Expenses	2,899	1.9	2,797	1.7	96.5
Personnel Expenses	16,013	10.5	16,833	10.3	105.2
Rent Expenses	6,745	4.4	6,904	4.2	102.3
Depreciation Expenses	1,634	1.1	1,737	1.1	106.3
Utilities Expenses	1,523	1.0	1,544	0.9	101.3
Supplies Expenses	780	0.5	966	0.6	123.6
Tax and Public Charges	869	0.6	517	0.3	59.4
Commission Paid	982	0.6	1,058	0.6	107.7
Others	1,793	1.2	1,802	1.1	99.6
Total Administrative Expenses	14,333	9.4	14,530	8.9	101.3
Total SG&A Expenses	33,247	21.8	34,161	20.8	102.7

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Financial Highlights

1st Half – FY Ending Feb. 29, 2012

- Subsidiaries -

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■ 1st Half Year Financial Highlights – Sugi Pharmacy Co., Ltd. –

■ 1st Half Year :Both net sales and gross profit were good, and operating profit ratio became 5.9%.

	FY Ended 2011/2 1H (March to August)		FY Ending 2012/2 1H (March to August)				
	Results (in million yen)	%	Results (in million yen)	%	Y o Y	vs. Budget (in %)	vs. Budget (in million yen)
Net Sales	113,909	100.0	126,446	100.0	111.0	104.5	+5,486
Gross Profit	32,348	28.4	36,313	28.7	112.3	105.4	+1,863
SG&A	26,971	23.7	28,797	22.8	106.8	102.9	+817
Operating Profit	5,377	4.7	7,515	5.9	139.8	116.2	+1,045

1st Half Year Overview

◆ Net Sales: Existing store sales growth Budget :+1.4% ⇒ Result +5.4%

(Customer count +4.4%, Purchase per customer +0.9%)

◆ Gross margin ratio: Budget 28.5% ⇒ Result 28.7%

◆ SG&A: Budget overrun 102.9% (Selling expenses 88.3%, Personnel 105.7%, Admin. expenses 103.6%)

Note) Figures for Sugi Pharmacy for previous years above are different from those presented in previous reports. Figures for Sugi Pharmacy presented in the financial report for the year ended February 28, 2011 include only non-consolidated figures of Sugi Pharmacy and do not include non-consolidated figures for Sugi Holdings Co., Ltd. and Sugi Medical Co., Ltd. For your reference, past results for Sugi Pharmacy calculated simply adding non-consolidated results of Sugi Pharmacy and Iizuka Yakuhin are also presented.

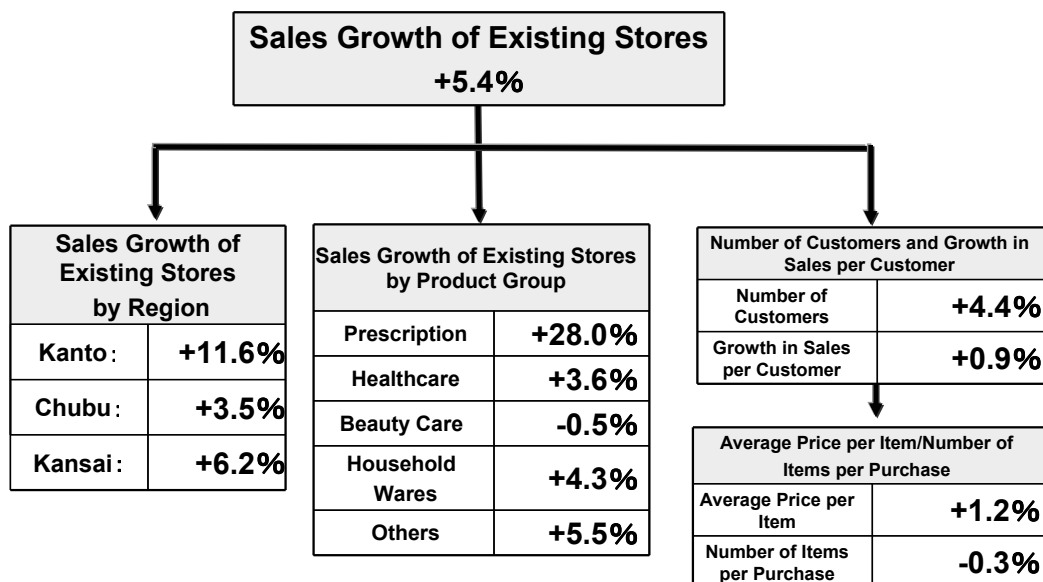
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■ Sales Trend at Existing Stores- Sugi Pharmacy Co., Ltd. -

■1st Half Year :Existing store sales growth ratio indicated +5.4% for the reason of strong sales growth of prescription and OTC



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■ Sales Trend by Product Group - Sugi Pharmacy Co., Ltd. -

■1st Half Year :Good sales in prescription and good gross profit rate in all categories

(%)	Composition Ratio			Sales % Y o Y	Sales % vs. Budget	Gross Margin Rate			Gross Margin % vs. Budget
	1st Half FY 2011/2	1st Half FY 2012/2				1st Half FY 2011/2	1st Half FY 2012/2		
	Results	Budget	Results			Results	Budget	Results	
Prescription	9.7	10.2	12.1	137.6	124.3	31.8	31.4	32.5	+1.1
Healthcare	25.9	25.8	25.0	107.1	101.0	37.9	38.4	38.5	+0.2
Beauty Care	28.6	28.6	27.0	104.8	98.8	27.9	28.1	28.1	±0.0
Subtotal	64.2	64.6	64.1	110.7	103.7	32.5	32.7	33.0	+0.2
Household Wares	23.6	23.6	23.4	109.8	103.6	22.4	22.0	22.7	+0.7
Others	12.2	11.8	12.6	114.7	111.1	18.6	18.1	18.1	±0.0
Total	100.0	100.0	100.0	111.0	104.5	28.4	28.5	28.7	+0.2

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■ Trend of SG&A Expenses - Sugi Pharmacy Co., Ltd. -

■ 1st Half Year : Total SG&A expenses was overrun budget, although SG&A ratio was minimized 0.9% from 23.7% to 22.8%

	FY Ended 2011/2 1H (March to Aug.)		FY Ending 2012/2 1H (March to August)					
	Results (in million yen)	Ratio to Sales (%)	Results (in million yen)	Ratio to Sales (%)	Change from Last Year	Y o Y	vs. Budget (in %)	vs. Budget (in million yen)
Advertising Expenses	1,635	1.4	1,806	1.4	110.5	+171	103.4	+59
Premium Expenses	980	0.9	685	0.5	70.0	-294	63.8	-388
Total Selling Expenses	2,615	2.3	2,492	2.0	95.3	-122	88.3	-328
Personnel Expenses	11,466	10.1	12,612	10.0	110.0	+1,146	105.7	+674
Rent Expenses	6,310	5.5	6,777	5.4	107.4	+466	98.4	-111
Depreciation Expenses	565	0.5	499	0.4	79.5	-115	78.1	-126
Utilities Expenses	1,146	1.0	1,179	0.9	102.9	+33	100.7	+8
Supplies Expenses	591	0.5	691	0.5	117.0	+100	97.2	-20
Tax and Public Charges	550	0.5	247	0.2	45.0	-302	125.4	+50
Commission Paid	2,614	2.3	3,046	2.4	116.5	+432	126.8	+644
Others	1,113	1.0	1,301	1.0	116.9	+188	102.1	+27
Total Administrative Expenses	12,890	11.3	13,692	10.8	106.2	+802	103.6	+472
Total SG&A Expenses	26,971	23.7	28,797	22.8	106.8	+1,826	102.9	+817

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■ 1st Half Year Financial Highlights - Japan Co., Ltd. -

■ 1st Half Year : Operating profit ratio became 5.2%, because strong growth of sales and SG&A expenses cost reduction

	FY Ended 2011/2 1H (March to August)		FY Ending 2012/2 1H (March to August)				
	Results (in million yen)	%	Results (in million yen)	%	Y o Y	vs. Budget (in %)	vs. Budget (in million yen)
Net Sales	36,151	100.0	37,272	100.0	103.1	100.5	+202
Gross Margin	7,430	20.6	7,918	21.2	106.6	105.7	+428
SG&A	6,085	16.8	5,988	16.1	100.3	98.4	-96
Operating Profit	1,344	3.7	1,929	5.2	143.5	137.4	+524

1st Half Year Overview

- ◆ Net Sales: Existing store sales growth Budget : -0.2% ⇒ Result +2.3%
(Customer count +1.7%, Purchase per customer +0.6%)
- ◆ Gross margin ratio: Budget 20.2% ⇒ Result 21.2%
- ◆ SG&A: Budget attainment 98.4%

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Medical Business - Sugi Pharmacy Group

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■ OTC Sales Trends – Sugi Pharmacy

■After Revision in Japan's Pharmaceutical Affairs Act (June 2009)

< Growth Rate of All Stores Sales >

(%)	FY 2010/2			FY 2011/2				FY 2012/2	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Category 1	+18.8	+25.4	+14.5	+26.4	+16.5	+20.9	+19.7	+2.1	+15.8
Category Specified 2	+9.7	+1.9	-1.5	-1.4	+6.4	+11.7	+14.8	+31.5	+5.1
Category 2	+6.9	+4.4	-8.0	-9.7	-1.1	+9.0	+12.0	+31.0	-1.5
Category 3	+9.1	+2.5	-6.9	-13.3	-14.8	+0.5	+14.6	+19.2	-0.3
OTC Total	+8.7	+4.3	-4.7	-6.5	-2.1	+8.2	+13.4	+26.3	+1.4

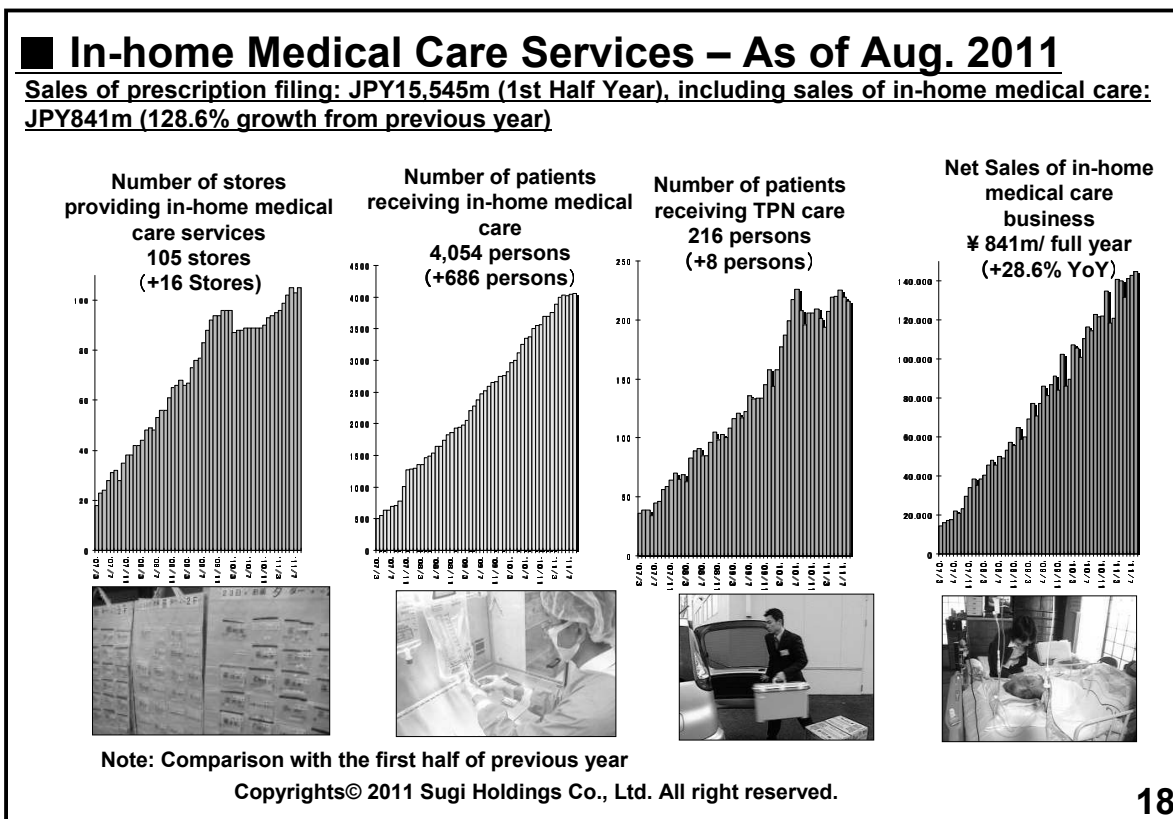
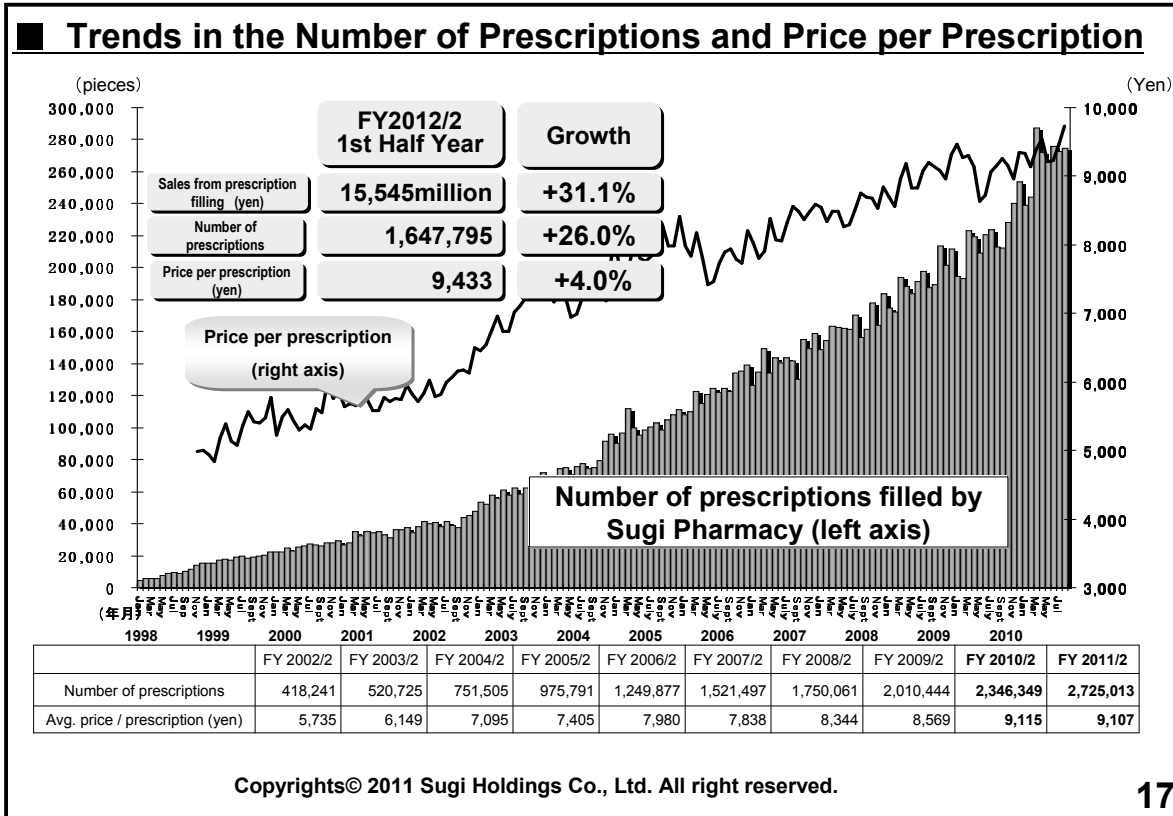
< OTC Sales by Category (All Stores) >

(%)	FY 2010/2			FY 2011/2				FY 2012/2	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Category 1	5.5	6.0	6.6	7.3	6.5	6.7	7.0	5.9	6.2
Category Specified 2	23.0	26.6	27.8	27.2	25.0	27.5	28.2	28.3	25.7
Category 2	44.4	40.5	41.3	42.1	44.9	40.8	40.8	43.7	43.7
Category 3	27.1	26.9	24.3	23.4	23.6	25.0	24.5	22.1	24.4

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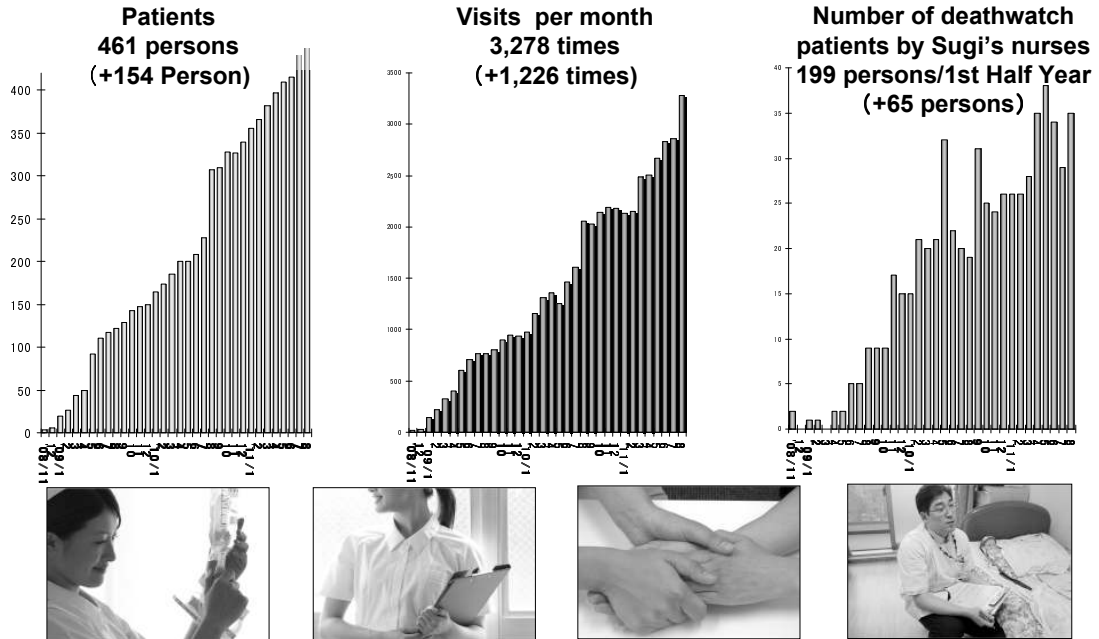
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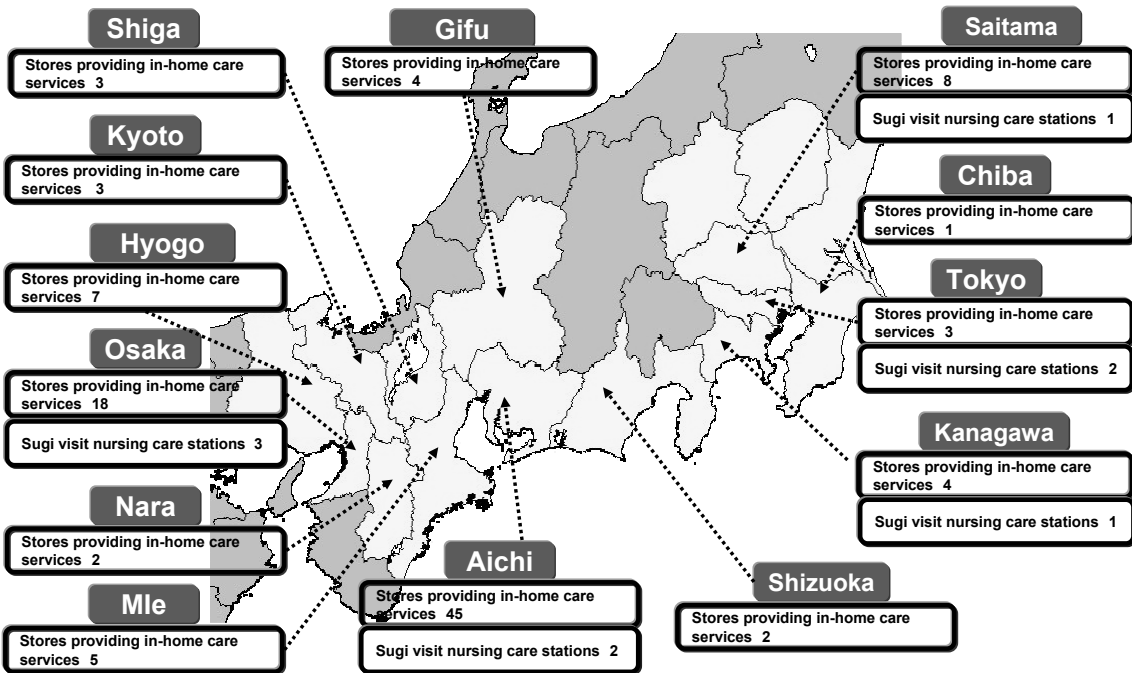
■ Visit Nursing Care Services : 9 locations (As of Aug 2011)



Note: Comparison with the first half of previous year

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■ Facilities providing Comprehensive Medical Services to Local Communities



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- Sugi Pharmacy Group -

The forward-looking statements regarding business and other forecasts are Sugi Holdings management's decisions based on information currently available at the time the report was created, and contain risks and uncertainties.

We recommend that readers do not make their decisions solely relying on these forecasts, and readers are reminded that actual results may differ materially from these forecasts due to various circumstances beyond management's control.

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